

5. Defendant JPMorgan is a subsidiary of JPMorgan Chase & Co., a Delaware corporation, with its principle place of business at 270 Park Avenue, New York, NY. JPMorgan may be served through its registered agent, CT Corporation System, at 111 Eighth Avenue, 13th Floor, New York, New York 10017.

JURISDICTION AND VENUE

6. This Court has personal jurisdiction over defendant by reason of defendant's contacts within this judicial district.

7. This Court has subject matter jurisdiction of this action pursuant to 28 U.S.C. § 1332(a)(1) based on total diversity with an amount in excess of \$75,000.00 in controversy.

8. Venue is proper pursuant to 28 U.S.C. § 1391(a)(2) because the Plaintiffs are all residents of the State of Missouri and forwarded all issued payments to Millennium from the State of Missouri.

9. Divisional venue in Kansas City, Missouri is proper because defendants are non-residents and Plaintiff Roger Sparks is a resident of counties of the Western Division.

ALLEGATIONS COMMON TO ALL COUNTS

10. William Wise ("Wise") orchestrated a Ponzi scheme which involved using the internet to advertise the sale of Certificates of Deposit ("CDs") with unusually high rates of interest. Investors' money was then laundered and moved to offshore accounts controlled by Wise.

11. The CDs were fake and were worthless.

12. Plaintiffs collectively paid a total \$1,878,500.00 for the CDs Wise and the Hoegels purported to sell.

13. William Wise ("Wise") orchestrated the scheme.

14. Jacqueline Hoegel and her daughter, Kristi Hoegel, (collectively, “the Hoegels”) assisted Wise with the scheme.

15. In 1999, Wise established Millennium Bank (“Millennium”) in St. Vincent and Grenadines in the Caribbean.

16. Millennium purported to be a subsidiary of a Swiss bank known as the United Trust of Switzerland (“UT of S”).

17. Wise and the Hoegels opened accounts at Washington Mutual Bank (“WAMU”) in Las Vegas, Nevada for several Las Vegas limited liability companies, including UT of S, LLC, United T of S, LLC and Sterling I.S., LLC (collectively, “Millennium Accounts”). All used the same business address in Napa, California.

18. Investors, including Plaintiffs, mailed checks to Napa, California, where the Hoegels operated an office, or wired funds directly to bank accounts in the United States that were designated by Wise and the Hoegels.

19. The Hoegels took the investors’ checks to two WAMU retail bank locations on a frequent basis, depositing hundreds of checks in the Millennium Accounts.

20. Employees at WAMU, including a branch manager, Tamara Miller (“Miller”), and a commercial banking officer, Bianca Greeves (“Greeves”), actively assisted the Hoegels with the bulk deposits.

21. Miller, Greeves and other WAMU employees helped Wise and the Hoegels to wire funds from the Millennium accounts out to bank accounts which were in off-shore banking locations and were controlled by Wise.

22. WAMU was one of several banks Wise used for money laundering. The other banks, however, terminated banking services after becoming suspicious of Wise and his activities.

23. WAMU ignored the suspicious activities of Wise and the Hoegels.

24. Miller and Greeves offered the Hoegels the ability to make deposits remotely and to remotely wire funds off-shore.

25. Given remote access, the Hoegels began moving investor monies in and out of the Millennium Accounts from their own office.

26. The rapid movement of money in and out of the Millennium Accounts activated an alert of WAMU's internal monitoring system.

27. The alert resulted in multiple investigative audits of the Millennium accounts and an investigation of Wise and the Hoegels.

28. JPMorgan acquired WAMU's assets, including the Millennium accounts, from the Federal Deposit Insurance Company on September 25, 2008, following WAMU's failure.

29. The audits of the WAMU accounts generated investigative reports for specific review periods, one of which ran from May 31, 2008 to October 8, 2008, bridging the date of JPMorgan's acquisition of WAMU.

30. The report for the May 31, 2008 to October 8, 2008 review period was prepared on or after October 8, 2008, so the entity that prepared the investigative report was JPMorgan, which had already acquired WAMU.

31. The October 8, 2008 report (Exhibit A to this Complaint) included a detailed narrative, summarizing the suspicious activities related to Wise, the Hoegels and the Millennium Accounts.

32. The October 8, 2008 report demonstrates that by October 8, 2008, JPMorgan had specific and actual knowledge of the fraudulent activities of Wise and the Hoegels.

33. The October 8, 2008 report reveals that the bank, after its acquisition by JPMorgan, had elected not to report these illegal activities to law enforcement authorities.

34. JPMorgan's Anti-Money Laundering Operations Unit, located in San Antonio, Texas, conducted an investigative audit for the period from October 8, 2008 to February 20, 2009, and created an investigative file, summarizing the suspicious activities for that period.

35. On March 25, 2009, the Securities and Exchange Commission ("SEC") filed an enforcement action in U.S. District Court for the District of Northern Texas, *SEC v. Millennium Bank, et al*, N.D.Tex, Wichita Falls Division, Case No. 7:09-cv-00050-O ("SEC Action"), seeking injunctive and other relief to shut down the Millennium fraud. See Exhibit B, "Hunter Declaration," filed in support of the SEC's motion.

36. In response to a request from the SEC, a compliance manager for JPMorgan's Anti-Money Laundering Operations Unit, Casey Stein ("Stein"), signed a sworn declaration dated March 23, 2009, which summarized the results of his unit's investigation of the Millennium Accounts ("Stein Declaration", Exhibit C). The Stein Declaration was also filed in support of the SEC's motion for a restraining order against Millennium.

37. The Stein Declaration demonstrates that no later than February of 2009, Stein, and therefore JPMorgan, knew that Wise and the Hoegels were laundering money.

38. Stein and JPMorgan had specific knowledge of the Millennium fraud as far back as September 25, 2008, the date of JPMorgan's acquisition of WAMU.

39. During the six-month period from JPMorgan's acquisition of WAMU and the filing of the SEC action, JPMorgan took no action to shut down the Millennium Accounts.

40. During the six-month period from JPMorgan's acquisition of WAMU and the filing of the SEC action, JPMorgan continued to provide uninterrupted banking services to Wise.

41. JPMorgan was legally required to notify a law enforcement agency of the illegal activity that was discovered during the audit and investigation of the Millennium accounts.

42. During the six-month period from JPMorgan's acquisition of WAMU and the filing of the SEC action, JPMorgan did not notify law enforcement of the illegal activities discovered during the audit and investigation of the Millennium accounts.

43. During this six month period, over \$16 million passed in and out of the bank, and ended up in overseas accounts beyond the reach of U.S. law enforcement authorities.

44. JPMorgan, by its acts and omissions, knowingly aided and abetted the Millennium fraud, causing investors, including Plaintiffs, to lose their investment monies.

45. The loss of Plaintiff's investment monies was a reasonably foreseeable result of JPMorgan's failure to notify law enforcement of the Millennium scheme.

COUNT ONE
AIDING AND ABETTING COMMON LAW FRAUD

Come now Plaintiffs, and for their cause of action against Defendant under Count One of this Complaint, state and allege as follows:

46. Plaintiffs incorporate Paragraphs 1 through 45 of this Complaint as though fully set forth herein.

47. Wise and the Hoegels represented to the public and to the Plaintiffs that Millennium was a St. Vincent & Grenadines bank offering Certificates of Deposit for sale, and that Millennium was a subsidiary of a Swiss bank, UT of S.

48. These representations were false and intended to deceive potential investors so that Wise and the Hoegels could collect and steal investor funds.

49. The Plaintiffs relied on Wise and the Hoegels' representations in electing to forward monies to them in exchange for fake certificates of deposit issued to them, which were worthless.

50. JPMorgan knew that Wise and the Hoegels were not conducting any banking business, but were rather collecting and moving investor monies to accounts that Wise and the Hoegels had established outside of the U.S.

51. No later than October 8, 2008, JPMorgan had detailed information about the true nature of the Millennium fraud, as more particularly described in the narrative contained in Exhibit A.

52. JPMorgan provided substantial assistance to Wise and the Hoegels, including, but not limited to the following acts and omissions:

- a. Allowing Wise and the Hoegels to use JPMorgan bank accounts for laundering and stealing investor monies;
- b. Providing remote deposit and wiring services to Wise and the Hoegels, which facilitated the theft of investor funds;
- c. Failing to close the Millennium Accounts after the bank's internal investigation revealed suspicious activity; and
- d. Failing to notify law enforcement about the ongoing illegal activities by Wise and the Hoegels.

53. Wise and the Hoegels were able to steal sums in excess of \$16 million during the period from September 25, 2008 to March 25, 2009, including monies invested by the Plaintiffs, as the direct and proximate result of JPMorgan's failure to act on its specific knowledge of the Millennium fraud.

WHEREFORE, Plaintiffs respectfully request judgment against Defendant under Count I of this Complaint for such damages as are fair and reasonable together with their costs and fees, for interest, and for such other and further relief as the Court deems just and proper under the circumstances.

COUNT TWO CONSPIRACY

Come now Plaintiffs, and for their cause of action against Defendant under Count Two of this Complaint, state and allege as follows:

54. Plaintiffs incorporate Paragraphs 1 through 53 of this Complaint as though fully set forth herein.

55. Defendant JPMorgan engaged in a civil conspiracy with Wise and the Hoegels through the acts and omissions alleged herein.

56. The purpose of the conspiracy was to profit from the Millennium fraud.

57. Defendant, Wise and the Hoegels had a unity of purpose and common design.

58. Defendant profited from the funds that Wise and the Hoegels funneled through the Millennium Accounts.

59. Defendant deliberately elected not to report the money laundering to law enforcement.

60. Defendant kept its knowledge and evidence of money laundering by Wise and the Hoegels a secret until Defendant was approached by the SEC.

61. By keeping the money laundering by Wise and the Hoegels a secret, Defendant permitted Wise and the Hoegels to move the funds in the Millennium Accounts beyond reach of recovery by U.S. law enforcement.

62. As the direct and proximate result of Defendant's participation in the conspiracy, Plaintiffs were damaged.

WHEREFORE, Plaintiffs respectfully request judgment against Defendant under Count II of this Complaint for such damages as are fair and reasonable together with their costs and fees, for interest, and for such other and further relief as the Court deems just and proper under the circumstances.

Respectfully submitted,

/s/ Rick D. Holtsclaw
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ATTORNEY FOR PLAINTIFF

REQUEST FOR TRIAL BY JURY

COMES NOW the plaintiff and hereby respectfully requests trial by jury of all issues so triable in the above-captioned cause.

/s/ Rick D. Holtsclaw
ATTORNEY FOR PLAINTIFF70